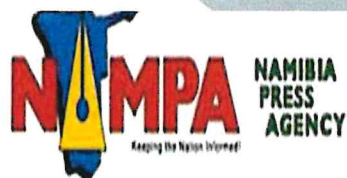




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF

NAMIBIA PRESS AGENCY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibia Press Agency for the financial year ended 31 March 2019, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Agency in terms of Section 15(1) of the Namibia Press Agency Act, 1992 (Act 3 of 1992) to be laid upon the Table of the National Assembly by the Minister of Information and Broadcasting in terms of Section 15(3) of the Act.

A handwritten signature in black ink, appearing to read "Junias Etuna Kandjeke".

WINDHOEK, July 2020

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA PRESS AGENCY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Namibia Press Agency for the financial year ended 31 March 2019, provided by the Accounting Officer as attached in Annexure A-E. These financial statements comprise the Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flow and a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the financial position of the Namibia Press Agency as at 31 March 2019 and its financial performance and their receipts and payments and cash flows for the year then ended in accordance with International Financial Reporting Standards.

2. BASIS FOR AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. My opinion has been qualified due to the following:

2.1. Incorrect accounting treatment

The interest paid for loans amounting to N\$ 3 259 178 was incorrectly accounted for under loan repayment. This incorrect accounting treatment resulted in an over statement of cash flow from financing activities.

2.2. Addition of Property Plant & Equipment

- The addition of Property, Plant and Equipment note 5 does not agree with the Purchase of Property, Plant and equipment in the cash flow statement from investing activities. In addition the adjustments and transfer from the property, plant and equipment amounting to N\$ 294 494 could not be verified due to the lack of substantial evidence. Furthermore, the entity revised their accounting estimates during the financial year ending 2017, therefore the change of the useful life of selected assets was not correctly effected to reflect the correct depreciation and carrying amounts of the assets.

7. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions I exercise professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error as fraud may involve collusion forgery intentional omissions misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to draw attention in my audit report to the related disclosures in the financial statements or if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and

NAMIBIA PRESS AGENCY
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2019 N\$	2018 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	5	34 641 461	38 891 929
Investment property	6	28 758 838	31 562 982
Current assets			
Trade receivables	7	1 341 186	454 522
Other current assets	8	96 647	40 150
VAT receivable		1 591 105	1 714 506
Cash and cash equivalents	9.2	15 175 724	21 654 858
TOTAL ASSETS		81 604 961	94 318 947
EQUITY AND LIABILITIES			
Share capital			
Government contributions - assets transferred		1 981 816	1 981 816
Fair value reserve		8 274 179	11 427 452
Retained income		33 755 149	41 633 681
Non-current liabilities			
Finance lease liabilities	11	-	102 989
Long-term borrowings	12	33 453 896	35 284 132
Current liabilities			
Trade payables		285 523	276 201
Other Payables	10	1 694 945	1 276 552
Current Finance Lease	11	127 189	457 847
Current portion non-current borrowings	12	1 830 236	1 680 945
Receiver of revenue		202 028	197 332
TOTAL EQUITY AND LIABILITIES		81 604 961	94 318 947

ANNEXURE B

NAMIBIA PRESS AGENCY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH (continued)

	2019	2018
	N\$	N\$
Interest paid	3 259 178	3 381 975
Legal fees	-	398 375
Licenses	108 719	67 563
Loss on foreign exchange	8680	27 303
Materials and supplies	30 509	32 280
Motor vehicle expenses	649 868	591 467
Office rental	103 971	99 107
Payroll costs	9 542 694	7 629 211
Photocopier rentals and charges	27 104	24 490
Postage and courier charges	5 665	9 542
Printing	106 120	4 320
Staff welfare	118 682	86 233
Stationery	19 512	23 899
Telephone and fax	55 846	71 894
Telephone IT dedicated line	288 982	332 165
Training and workshops	82973	289 150
Travel and accommodation	358 627	676 751
VET levy	151 112	148 432
Operating profit	(6 462 626)	636 381
Other income	(1 222 761)	250 235
Fair value adjustments	(2 804 144)	(1 147 510)
Interest received	1 213 250	1 337 613
Profit on disposal of assets	10 675	21 385
Sundry income	357 458	38 748
PROFIT FOR THE YEAR	(7 685 387)	886 617

NAMIBIA PRESS AGENCY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	2019	2018
Note	N\$	N\$
Cash flows from operating activities	(3 657 774)	3 420 350
Cash receipts from customers	7 974 216	7 616 941
Receipts from government subsidies	14 999 920	22 600 000
Cash paid to suppliers and employees	(26 631 910)	(26 796 591)
Cash generated from operations		
Interest paid	3 259 179	3 381 975
Investment income	(1 213 250)	(1 337 612)
Net cash from operating activities	(1 611 845)	5 464 713
	9.1	
Cash flows from investing activities		
Purchases of property, plant and equipment	294 494	(1 632 066)
Net cash from / (used in) investing activities	294 494	(1 632 066)
Cash flows from financing activities		
Loan repayments	(5 161 783)	(3 883 532)
Net cash from / (used in) financing activities	(5 161 783)	(3 883 532)
Net change in cash and cash equivalents	(6 479 134)	(220 690)
Cash and cash equivalents at beginning of year	21 654 858	21 875 548
Cash and cash equivalents at end of year	15 175 724	21 654 858
	9.2	

NAMIBIA PRESS AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(continued)

The useful lives of items of property plant and equipment have been assessed as follows:

Building	50 years
Computer and Office Equipment	5 years
Furniture and fittings	10 years
Motor vehicles	5 years

Gains or losses on disposal are recognised in profit and loss.

The residual value useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from the previous estimates the change is accounted for as a change in accounting estimate.

The gain or loss arising from derecognition of an item of property plant and equipment is included in the profit or loss when the item is de-recognised. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds if any and the carrying amount of the item.

1.3 Investment property

Investment property comprises non-owner occupied building held to earn rentals and for capital appreciation.

Investment property is initially recognised at cost inclusive of transaction costs. Subsequently investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

Investment property is derecognised when disposed of or when no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is recognised in profit or loss in the period in which the property is derecognised.

1.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

NAMIBIA PRESS AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(continued)

Grants that impose future performance conditions are recognised in income only when the condition has been met.

Grants are measured at the fair value of the asset received or receivable.

Government grants related to assets including non-monetary grants at fair value are presented in the statement of financial position by setting up the grant as a deferred income or by deducting the grant in arriving at the carrying amount of the asset.

3. BOARD MEMBERS REMUNERATION

2019			2018		
N\$	N\$	N\$	N\$	N\$	N\$
Meeting costs	Other costs	Total	Meeting costs	Other costs	Total
432 638	106 397	539 034	504 184	63 902	568 086

4. TAXATION

The Agency is not subject to Namibian income tax as per enabling Act 3 of 1992.

ANNEXURE E

**NAMIBIA PRESS AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (continued)**

	Computer & Office equipment					Total assets
	Land	Building	Computer & Office equipment	Furniture & fittings	Motor vehicles	
	N\$	N\$	N\$	N\$	N\$	N\$
Carrying amount at 31/03/2018	7 774 009	28 925 425	897 388	298 090	646 009	38 540 921
At cost/valuation	7 774 009	29 768 722	2 078 871	413 617	2 872 105	42 907 324
Accumulated depreciation	-	(843 297)	(1 181 483)	(115 527)	(2 226 096)	(4 366 403)
Additions	-	-	101 061	31 921	-	132 982
Transfers and adjustments	-	-	(263 185)	(31 309)	-	(294 494)
Revaluation	(779 935)	(2 373 337)	-	-	-	(3 153 272)
Depreciation during the year	-	(645 182)	(256 731)	(38 356)	(283 201)	(1 223 470)
Carrying amount at 31/03/2019	6 994 074	25 956 714	256 731	322 962	362 808	34 641 461
At cost/valuation	6 994 074	27 395 385	2 078 871	414 229	2 872 105	39 754 664
Accumulated depreciation	-	(1 438 671)	(1 073 967)	(91 267)	(2 509 297)	(4 113 203)

Land and building comprise of Erf 8010 - NAMPA head office. If the property was carried at cost the value would have been N\$ 25 862 576.

NAMIBIA PRESS AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(continued)

	2019	2018
	N\$	N\$
7. TRADE ACCOUNTS RECEIVABLE	1 341 186	454 552
Accounts receivable	1 717 468	1 137 509
Provision for Doubtful Debt	(376 282)	(682 987)
8. OTHER CURRENT ASSETS	96 647	40 149
Rent deposit	700	700
Other	39 988	21 527
Prepaid License fees	55 958	17 923
9. NOTES TO THE CASH FLOW STATEMENT		
9.1 Cash generated from operating activities:		
Net profit	(7 685 387)	886 617
Adjustments for:		
- Investment income	(1 213 250)	(1 337 612)
- Finance costs	3 259 179	3 381 975
- Revaluation Surplus	2 804 144	1 147 510
- Depreciation	1 223 470	1 386 223
Operating capital before working capital changes	1 611 844	5 464 713

NAMIBIA PRESS AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(continued)

	2019	2018
	N\$	N\$
12. LONG-TERM BORROWING	35 284 132	36 965 077
Payable within one year *	1 830 236	1 680 945
Long term portion	33 453 896	35 284 132

Above long-term borrowing is payable over a period of 10 year. The borrowing is secured by the building with a market value of N\$ 55 195 000 and a cession over Old Mutual Investment Account for the amount of N\$ 8 000 000.

14. RISK MANAGEMENT

Capital risk management

There are no significant capital risk exposure the Agency Investment are loan risk held at Old Mutual Namibia in their managed funds and real income investment portfolios. The Agency reviews this investment on a quarterly basis to minimize risk exposure.

Liquidity risk

The Agency's risk to liquidity is a result of the funds available to cover future commitments. The Agency manages the liquidity risk through an ongoing review of future commitments credit facilities investments and cash flow management.

Interest rate risk

The Agency has a significant long term interest bearing loan of N\$ 36.9 million link to the prime lending rate. The risk exposure is therefore in the interest rate variations over the long term. The Agency's income and operating Cash flow are however independent of changes in the market interest rates.

Credit risk

The Agency credit risk consists of cash deposits cash equivalents investments and trade debtors. The Agency deposits and investments are with financial institutions with high quality credit standing which limits exposure to one counter party.